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FISCAL IMPACT STATEMENT

LS 7700

BILL NUMBER: SB 429

NOTE PREPARED: Jan 8, 2007

BILL AMENDED:

SUBJECT: Intermodal Facility Materials Sales Tax Exemption.

FIRST AUTHOR: Sen. Simpson

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the intermodal terminal facility building supply program. The bill provides that the Indiana Economic Development Corporation may grant a Sales and Use Tax exemption for building materials used to construct or rehabilitate an intermodal terminal facility.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill will increase administrative costs of the Indiana Economic Development Corporation (IEDC) and the Department of State Revenue (DOR). The bill allows the IEDC to grant a Sales Tax exemption for building material purchases, if the materials are used to construct or rehabilitate an intermodal terminal facility. The IEDC will have to adopt rules and develop procedures to award these exemptions, while the DOR will have to revise tax forms, instructions, and computer programs to incorporate the new exemption. It is estimated that both the IEDC and DOR could implement the provisions of this bill through the use of existing staff and resources.

Explanation of State Revenues: The exemption created in this bill will cause an indeterminable decrease in Sales Tax collections. The amount of the impact will ultimately depend upon: (1) the administrative actions of the IEDC in awarding the exemptions; (2) the number of projects that may qualify for the exemption; and (3) the cost of the materials purchased under the exemption.

The bill defines intermodal terminal facility to mean land, improvements to land, equipment, and appliances necessary for the receipt and transfer of goods between one mode of transportation and another, at least 1 of which must be transportation by rail.

The bill allows the IEDC to award a Sales Tax exemption for purchases of materials used in a project involving the construction of a new, or rehabilitation of an obsolete, intermodal terminal facility. The bill provides that the Indiana economic development project district, in which the qualifying project is located, must apply to the IEDC for the exemption. The bill requires the project to have the support of the surrounding community, and the project facility to be well suited for transportation, distribution, and logistics in order for the IEDC to approve the exemption.

Sales Tax revenue is deposited in the: Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; Department of State Revenue.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Adam Brown, 317-232-9854.